

State of Idaho

Legislative Services Office

Management Report

A communication to the Joint Finance-Appropriations Committee

BOARD OF TAX APPEALS

FY 2004, 2005, AND 2006

Report IC35106
Date Issued: July 19, 2007

Serving Idaho's Citizen Legislature

FOREWORD

PURPOSE OF REPORT

We evaluated the internal controls over financial operations of the Board of Tax Appeals as part of our effort to evaluate each State agency at least once every three years. This report summarizes the results of our evaluation.

SCOPE OF WORK

The management of the Board is responsible for establishing and maintaining internal controls. We obtained an understanding of the relevant policies and procedures comprising the internal control system. We also determined whether the relevant policies and procedures had actually been placed into operation. Our intent was to indicate where internal controls could be improved in order to help ensure the Board's ability to record, process, summarize, and report financial data accurately.

AUDIT AUTHORIZATION

Reported to the Joint Finance-Appropriations Committee as directed by the Legislative Council of the Idaho Legislature, authorized by Idaho Code, Section 67-429.

ASSIGNED STAFF

Shannon Thomas, Staff Auditor

ADMINISTRATION AND TECHNICAL REVIEW

Don H. Berg, CGFM, Manager, Legislative Audits Division
Eugene Sparks, CPA, Managing Auditor

TABLE OF CONTENTS

Executive Summary	1
Agency Response	3
Appendix	4



EXECUTIVE SUMMARY LEGISLATIVE AUDITS

BOARD OF TAX APPEALS

PURPOSE AND SCOPE. We performed certain audit procedures to evaluate the effectiveness of the Board of Tax Appeals' internal control design and operation. The limited scope of our procedures does not allow us to give an opinion on the Board's internal control system. Accordingly, we do not express an opinion or ensure that all instances of internal control weaknesses were disclosed. Our purpose was to indicate where internal controls could be strengthened to help ensure accurate financial statements and data. Any findings and recommendations are intended to improve the internal control system to prevent errors, omissions, misrepresentations, or fraud.

CONCLUSION. We noted no matters involving the internal control over the Board's financial reporting or its operation that we considered to be material weaknesses. However, our consideration of internal controls would not necessarily disclose all matters considered to be a material weakness.

FINDINGS AND RECOMMENDATIONS. There are no findings and recommendations in this report or the prior report.

AGENCY RESPONSE. The Board has reviewed the report and is in general agreement with its contents.

FINANCIAL SUMMARY. The following financial data is presented for informational purposes only.

BOARD OF TAX APPEALS – FY 2006 FINANCIAL SUMMARY

	General Fund	Budget Stabilization Fund
Appropriation	\$336,400	\$9,300
Supplemental Appropriation	2,500	0
Encumbrances	<u>3,029</u>	<u>0</u>
Total Funds Available	\$341,929	\$9,300
Less Disbursements		
Personnel Costs	268,222	8,061
Operating Costs	<u>71,610</u>	<u>0</u>
Ending Balance Reverting to State General Fund	<u>\$2,097</u>	<u>\$1,239</u>

OTHER ISSUES. We discussed other matters which, if addressed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the Board of Tax Appeals and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the Board.

QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:

Don H. Berg, CGFM, Manager, Legislative Audits Division

Eugene Sparks, CPA, Managing Auditor

Report IC35106

AGENCY RESPONSE



STATE OF IDAHO

(208) 334-3354
FAX 334-4060

BOARD OF TAX APPEALS

Office Address: Suite 110
3380 American Terrace
Boise, Idaho 83706
Mailing Address: P.O. Box 83720
Boise, Idaho 83720-0088

July 9, 2007

Legislative Services Office
Legislative Audits Division
PO Box 83720
Boise, ID 83720-0054

Attn: Don Berg

The Board has read and reviewed the Memorandum draft of the audit report submitted to the State Board of Tax Appeals by the Legislative Services Office.

We agree with the report and contents. We would also like to extend our thanks to the Legislative Services Office, Gene Sparks and the auditor, Shannon Thomas for their time.

Sincerely,

A handwritten signature in cursive script that reads "Susan Renfro".

Susan Renfro
Director, Board of Tax Appeals

APPENDIX

HISTORY

The Board of Tax Appeals was established in 1969 under the Department of Revenue and Taxation, but is not subject to the supervision or control of the State Tax Commission. The Board provides an informal forum for taxpayers to appeal property tax assessment decisions or State Tax Commission determinations.

PURPOSE

The Board was created to hear appeals from decisions of the State Tax Commission and county boards of equalization. The Board has jurisdiction over tax appeals including: income tax, sales tax, inheritance and fuel taxes, real and personal property assessments, and tax exemptions. Property valuations made on a statewide basis are not under the jurisdiction of the Board.

Informal tax appeal hearings are held before one Board member or the Board's hearing officer. Hearings are usually conducted at county seats of government, but may be held at other places if it is more convenient for the parties involved. The decisions rendered on all hearings must be reviewed and approved by two Board members. Decisions may then be appealed to district courts.

STATUTORY AUTHORITY

Idaho Code, Title 63, Chapter 38 outlines the duties and responsibilities for the Board. Idaho Code, Section 63-3801 established the Board of Tax Appeals. Idaho Code, Section 63-3802 provides that Board members must be residents of the State and must be selected on the basis of their knowledge of and experience in taxation. Members may not hold any elected or public office involving assessment of taxes or administration of any State tax laws. Members cannot participate, directly or indirectly, in any election campaign on behalf of any political party or organization or candidate, or any measure voted upon by the people.

ORGANIZATION

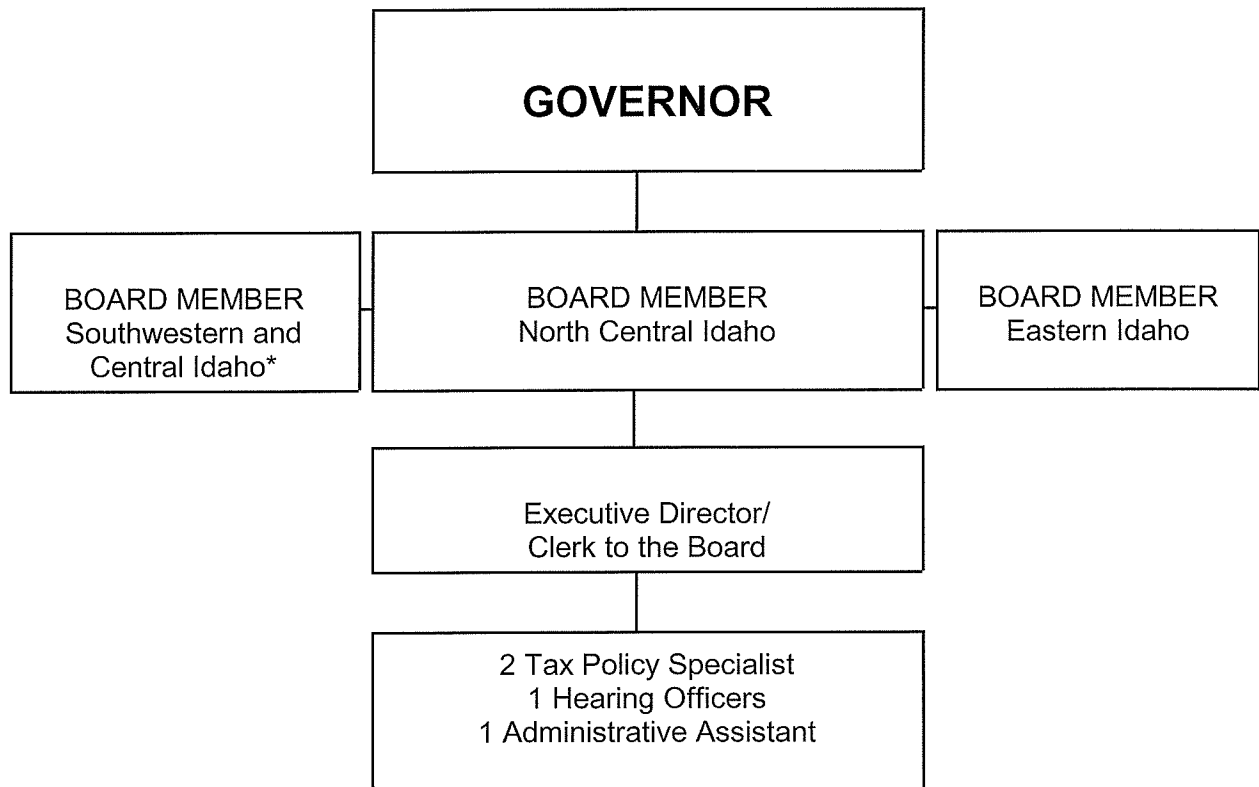
The Board consists of three part-time members appointed by the Governor with the advice and consent of the Senate. One member's term expires each year and a new member is appointed to serve a three-year term.

Board members are supported by a director, a hearing officer, two tax policy specialists, and an administrative assistant.

FUNDING

The Board of Tax Appeals is funded entirely by General Fund appropriations.

**STATE OF IDAHO
BOARD OF TAX APPEALS**



*Presently serving as Chairman.